

Message Text

CONFIDENTIAL

PAGE 01 THE HA 06650 021222Z

14

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 FRB-03

XMB-02 OPIC-03 LAB-04 SIL-01 AGRE-00 PA-01 ITC-01

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FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 9506

C O N F I D E N T I A L THE HAGUE 6650

E.O. 11652: GDS

TAGS: EAID, NL

SUBJ: PRONK ON NORTH-SOUTH DIALOGUE AND OIL PRCES

REF: A) STATE 289624; B) STATE 291572; C)THE HAGUE 6471;
D) THE HAGUE 6449; E) EC BRUSSELS 11530; F)THE HAGUE 6635

1. SUMMARY: DUTCH GOVERNMENT HAS ALREADY ISSUED SEVERAL STATEMENTS ON THE DANGERS OF A NEW OIL PRICE INCREASE. WE HAVE ALSO GIVEN KEY DUTCH OFFICIALS USG'S STRONG VIEWS ON THIS ISSUE (REF C), AND ON NOV 30 PROVIDED MIN OF FOR AFFAIRS WITH GUIDANCE CONTAINED REF A, REINFORCED WITH TECHNICAL ANALYSIS CONTAINED IN REF B. IN ADDITON SUBJECT WAS DEALT WITH IN NOVEMBER 29-30 EC SUMMIT (REF F). IN VIEW OF THESE DEVELOPMENTS AND FACT THAT PRONK HAS BEEN ISOLATED BY HIS CABINET COLLEAGUES, I DO NOT SEE NEED TO MAKE SPEICAL APPROACH AIMED AT OBTAINING NEW DTUCH GOVERNMENT STATEMENT AT THIS TIME TO COUNTER PRONKS VIEWS, BUT I WILL CONTINUE TO REFER TO PRONKS IRRESPONSIBLE BEHAVIOR IN MY CONVERSATIONS WITH DUTCH OFFICIALS. END SUMMARY.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 THE HA 06650 021222Z

2. GON ISSUED OFFICIAL STATEMENT NOV 22 ON DANGERS OF NEW OIL PRICE INCREASE WHEN FONMIN SAID "THERE IS A CLEAR RELATION BETWEEN THE OIL PRICE INCREASE AND THE MEASURE OF ECONOMIC GROWTH WHICH IS TO BE EXPECTED WITHING THE EC IN THE COMING YEARS WHILE, MOREOVER, OIL PRICE RISES MIGHT ALSO HAVE SERIOUS CONSEQUENCES FO MANY DEVELOPING COUNTRIES. THEREFORE THE NETHERLANDS GOVERNMENT EXPRESSES THE HOPE THAT THE OPEC COUNTRIES WILL EXERCISE MODERATION".

3. FOREIGN MINISTRYS STATEMENT WAS ONE OF SEVERAL WHICH COUNTERED DEVELOPMENT COOPERATION MINISTER PRONKS VIEWS REF D. THESE STATEMENTS INCLUDE:

--FOREIGN MINISTRY STATE SECRETARY BRINKHORSTS REMARKS TO PRESS NOV 19 THAT ANY TALK OF FAILURE OF THE NORTH-SOUTH DIALOGUE MERELY PLAYS INTO THE HANDS OF THOSE WHO WANT CIEC TO FAIL (REF C);

--FOREIGN MINISTER VAN DER STOELS LETTING IT BE KNOWN, AS WAS REPORTED IN PRESS NOV 22, THAT HE WAS SHOCKED AND ANGRY ABOUT PRONKS STATEMENT ABOUT THE OIL PRICE RISE SINCE THIS WAS CONTRARY TO EC AND US EFFORTS TO AVOID AN OIL PRICE RISE, WOULD HURT THE WORLD ECONOMIC RECOVERY, AND MADE IT DIFFICULT FOR THE GOVERNMENT TO PLAY ITS IMPORANT ROLE AS PRESIENT OF THE EUROPEAN COUNCIL OF MINISTERS (REF C), AND ON NOV 30 AT CONCLUSION OF EUROPEAN COUNCIL MEETING VAN DER STOEL UNDERLINED THE CLOSE RELATIONSHIP OF OIL PRICES, WESTERN ECONOMIC RECOVERY AND AID TO DEVELOPING NATIONS; AND

--FINANCE MINISTER DUISENBERGS RESPONSE TO PRESS AT CONCLUSION OF NOV 22 EC FINANCE COUNCIL THAT AN OIL PRICE RISE WOULD RENDER MORE DIFFICULT ANTI-INFLATION EFFORTS OF EC MEMBER STATES AND THAT HE HOPED OIL EXPORTERS WOULD SHOW UTMOST MODERATION IN THEIR PLANS TO RAISE PRICES NEXT MONTH (REF E).

4. THIS DRUMBEAT OF STATMENTS BY OFFICIAL SEEMS TO HAVE HAD SOME EFFECT ON PRONKS SEMANTICS IF NOT ON HIS OPINIONS. AT A MEETING IN AMSTERDAM NOV 29 OF SOCIEITY FOR INTERNATIONAL DEVELOPMENT HE SAID THAT A "MODERATE" INCREASE IN OIL PRICES WAS JUSTIFIED, WHICH MAKES HIS VIEWS APPEAR TO COINCIDE WITH GON OFFICIAL LINE (ALTHOUGH ACCORDING TO "WELL INFORMED SOURCES" PRONK FELT THAT A MODERATE INCREASE WAS ABUT 10 PERCENT). PRONK ALSO SAID THAT OIL PRODUCING COUNTRIES SHOULD REALIZE
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 THE HA 06650 021222Z

THAT WILLINGNESS OF SOME OF RICH COUNTRIES TO GIVE MORE MONEY FOR DEVELOPMENT AID WOULD DIMINISH IN PROPORTION TO AMOUNT OIL PRICE INCREASE EXCEEDS A MODERATE LEVEL.
MCCLOSKEY

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